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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 SOE-02 CIAE-00 INR-10 NSAE-00
TRSE-00 OMB-01 SS-15 NSC-05 PA-02 ICA-20 /076 W
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FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 2489
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USDOC FOR BEWT

E.O.11652:N/A
TAGS:EEWT, ENRG, US, UR
SUBJECT: REMARKS BY SOVIET OIL EXPORT OFFICIAL

1. ON JUNE 1 EMBASSY ECONOMIC OFFICER ACCOMPANIED D. ALLAN SEDGWICK, RETIRED TEXACO EXECUTIVE AND MEMBER OF DOC'S MARKETING SEMINAR GROUP, ON CALL ON V.P. MOROZOV AND F.N.U. MARKOV, DEPUTY CHAIRMEN OF V/O SOYUZNEFTEEXPORT, SOVIET FTO RESPONSIBLE FOR EXPORTS OF PETROLEUM PRODUCTS. DURING CONVERSATION, MOROZOV ADMITTED THAT HIS ORGANIZATION SAW NO POSSIBILITY FOR SIZEABLE EXPORTS OF CRUDE OR PRODUCT TO US MARKET DUE TO HIGH TRANSPORTATION COSTS. HE RECOUNTED BRIEFLY HISTORY OF SOVIET NEGOTIATIONS WITH US OIL FIRMS, STATING THAT TALKS BROKE DOWN OVER PRICING IN EARLY 1976 AND THAT SOYUZNEFTEEXPORT CONSIDERED BALL TO NOW BE IN US FIRMS' COURT. MOROZOV DID SAY THAT NEW DEEP-WATER PORT FACILITIES IN U.S. WHICH COULD HANDLE LARG TANKERS WOULD CHANGE PICTURE WITH REGARD TO COMPETIVENESS OF SOVIET OIL.

2. ONLY OTHER ITEM OF INTEREST WHICH EMERGED WAS MOROZOV'S ADMISSION THAT PRODUCTION FROM URALS FIELDS HAD BEEN
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DECLINING "SHARPLY." HE LATER ATTEMPTED TO BACKTRACK SOMEWHAT BY STATING THAT PRODUCTION IN URALS WAS HOLDING STEADY AND THAT USSR WAS INCREASINGLY DEPENDENT ON OIL COMING FROM EAST OF THE URALS, ESPECIALLY FROM WESTERN SIBERIA. HE MENTIONED TWO MAJOR PROBLEMS IN CONNECTION WITH DEVELOPMENT OF SIBERIAN FIELDS: HIGH COST OF TRANSPORTATION OF PRODUCT; AND FACT THAT EQUIPMENT COULD

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ONLY BE MOVED IN WINTER DUE TO MARSHY GROUND.

3. MOROZOV MENTIONED THAT MARKOV WOULD BE LEAVING ON TRIP TO US THIS WEEKEND FOR TALKS NEXT WEEK WITH US FIRM ON COKE AND THAT HE WOULD BE IN WASHINGTON, D.C. FOLLOWING WEEK. MOROZOV VOLUNTEERED THAT MARKOV WOULD BE HAPPY TO TALK TO ANY INTERESTED PERSONS IN US GOVERNMENT WHILE I WASHINGTON AND SUGGESTED THAT SUCH PERSONS COULD ARRANGE MEETING THROUGH AMTORG, SOVIET TRADE REPRESENTATION OFFICE OR SOVIET EMBASSY. MATLOCK

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Message Attributes

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